

Financial Statements and Related Announcement::Second Quarter and/ or Half Yearly Results

Issuer & Securities

Issuer/ Manager	DRAGON GROUP INTL LIMITED
Securities	DRAGON GROUP INTL LIMITED - SG2C50963991 - MT1
Stapled Security	No

Announcement Details

Announcement Title	Financial Statements and Related Announcement
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Designation	EXECUTIVE CHAIRMAN & CEO
Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)	PLEASE SEE ATTACHED FILE.

Additional Details

For Financial Period Ended	30/06/2016
Attachments	DGI_1H2016 Results Announcement.pdf Total size =140K





The Directors make the following announcement of the unaudited results for the financial period 30 June 2016.

1(a)(i) An income statement and statement of comprehensive income or a statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial period.

	Group			Group		
	Second Quarter Ended			First Half Ended		
	US\$'000		%	US\$'000		%
	30/06/16	30/06/15	Change	30/06/16	30/06/15	Change
Revenue	834	318	162%	2,640	687	284%
Cost of sales	(743)	(258)	188%	(2,483)	(567)	338%
Gross profit	91	60	52%	157	120	31%
Other operating income	21	16	31%	42	36	17%
Selling and marketing costs	(7)	(5)	40%	(13)	(11)	18%
General and administrative costs	(596)	(778)	-23%	(999)	(1,841)	-46%
Research and development costs	(433)	(99)	337%	(767)	(99)	675%
Foreign currency exchange (loss)/gain	(139)	(6)	nm	(150)	5	nm
Total operating expenses	(1,175)	(888)	32%	(1,929)	(1,946)	-1%
Operating loss	(1,063)	(812)	31%	(1,730)	(1,790)	-3%
Finance costs	(6)	(5)	20%	(12)	(8)	50%
Exceptional items	-	-	nm	-	(3)	nm
Share of results of associate	-	(2)	nm	(6)	(2)	200%
Loss before taxation	(1,069)	(819)	31%	(1,748)	(1,803)	-3%
Taxation	(26)	(8)	225%	(28)	(12)	133%
Loss after taxation	(1,095)	(827)	32%	(1,776)	(1,815)	-2%
Attributable to:						
Owners of the Company	(1,119)	(793)	41%	(1,757)	(1,750)	0%
Non-controlling interests	24	(34)	nm	(19)	(65)	-71%
Loss after taxation	(1,095)	(827)	32%	(1,776)	(1,815)	-2%

nm - Not meaningful



1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial period.

Notes to Income Statement

Depreciation and amortisation
Write-back of/ (allowance for) stock obsolescence

Group			Group		
Second Quarter Ended			First Half Ended		
US\$'000		%	US\$'000		%
30/06/16	30/06/15	Change	30/06/16	30/06/15	Change
(36)	(40)	-10%	(61)	(78)	-22%
148	(30)	nm	146	(26)	nm

nm - Not meaningful

1(a)(iii) A statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial period.

Net loss for the period

Other comprehensive income:-

Foreign currency translation gain
Net (loss)/ gain on fair value changes of available-for-sale financial assets
Net loss on fair value changes of available-for-sale financial assets

Total comprehensive income for the period

Total comprehensive income attributable to :-

Owners of the Company
Non-controlling interests

Group			Group		
Second Quarter Ended			First Half Ended		
US\$'000		%	US\$'000		%
30/06/16	30/06/15	Change	30/06/16	30/06/15	Change
(1,095)	(827)	32%	(1,776)	(1,815)	-2%
142	6	nm	142	8	nm
(18)	21	nm	(35)	5	nm
(22)	-	nm	(22)	-	nm
(993)	(800)	24%	(1,691)	(1,802)	-6%
(1,032)	(767)	35%	(1,687)	(1,746)	-3%
39	(33)	nm	(4)	(56)	-93%
(993)	(800)	24%	(1,691)	(1,802)	-6%

nm - Not meaningful



1(b)(i) A statement of Financial Position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial period.

	Group		Company	
	US\$'000		US\$'000	
	30/06/16	31/12/15	30/06/16	31/12/15
ASSETS				
Non-current assets				
Intangible assets	800	116	65	65
Property, plant and equipment	1,681	399	2	4
Investments in subsidiaries	-	-	695	695
Investment in associate	-	8	-	-
Available-for-sale financial assets	542	636	526	620
Prepayment	534	491	-	-
Amounts due from subsidiaries	-	-	5,504	5,504
	3,557	1,650	6,792	6,888
Current assets				
Stocks	84	52	-	-
Prepayments	739	778	707	699
Amount due from holding company	1,001	1,021	1,001	1,021
Amounts due from subsidiaries	-	-	7,696	3,542
Trade debtors	2,215	270	-	-
Other debtors	673	625	364	340
Tax recoverable	6	6	-	-
Cash and bank balances	5,363	10,426	4,385	9,481
	10,081	13,178	14,153	15,083
TOTAL ASSETS	13,638	14,828	20,945	21,971
EQUITY AND LIABILITIES				
Current liabilities				
Trade creditors and accruals	1,058	1,096	250	412
Other creditors	1,367	841	99	181
Amount due to holding company	-	-	-	-
Amounts due to subsidiaries	-	-	156	137
Provision for taxation	21	8	9	-
	2,446	1,945	514	730
NET CURRENT ASSETS	7,635	11,233	13,639	14,353
TOTAL LIABILITIES	2,446	1,945	514	730
NET ASSETS	11,192	12,883	20,431	21,241
Equity attributable to owners of the Company				
Share capital	59,970	59,970	59,970	59,970
Capital reserve	2,525	2,525	-	-
Other reserve	18	18	-	-
Revaluation reserve	(27)	30	(27)	30
Foreign currency translation reserve	932	805	-	-
Accumulated losses	(51,738)	(49,981)	(39,512)	(38,759)
	11,680	13,367	20,431	21,241
Non-controlling interests	(488)	(484)	-	-
TOTAL EQUITY	11,192	12,883	20,431	21,241
TOTAL EQUITY AND LIABILITIES	13,638	14,828	20,945	21,971



1(b)(ii) **Aggregate amount of group's borrowings and debt securities**

Amount repayable in one year or less, or on demand

As at 30/06/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
-	-	-	-

Amount repayable after one year

As at 30/06/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
-	-	-	-

The Group had no borrowings and debt securities as at 30 June 2016.

Details of any collateral

Not applicable



1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial period.

Group	
US\$'000	
30/06/16	30/06/15
Cashflow from operating activities	
Operating loss before taxation	(1,748)
Adjustment for:-	
Non cash items	(159)
Operating cash flow before reinvestment in working capital	(1,907)
Movement in working capital	(1,663)
Cash used in operations	(3,570)
Interest received	25
Tax paid	(15)
Net cash used in operating activities	(3,560)
Cashflow from investing activities	
Purchase of property, plant and equipment	(1,354)
Proceeds from disposal of property, plant and equipment	20
Proceeds from disposal of available-for-sale financial asset	58
Expenditure on development project	(43)
Investment in an associate	-
Expenditure on research and development project	(685)
Net cash used in investing activities	(2,004)
Cashflow from financing activities	
Advance for capital injection from non-controlling interest	501
Change in amount due to holding company	-
Net cash generated from financing activities	501
Net decrease in cash and cash equivalents	(5,063)
Cash and cash equivalents at beginning of year	10,426
Cash and cash equivalents at 30 June	5,363
	11,893



Results For The Financial Period Ended 30 June 2016
Unaudited Financial Statements and Dividend Announcement

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial period.

Group

At 1 January 2016

Loss for the period

Other comprehensive income

Foreign currency translation

Net loss on fair value changes of available-for-sale financial assets

Realisation of revaluation reserve on the disposal of available-for-sale financial asset

Other comprehensive income for the period, net of tax

Total comprehensive income for the period

At 30 June 2016

Attributable to owners of the Company							Equity attributable to owners of parent, Total US\$'000	Non-controlling Interests US\$'000	Equity Total US\$'000
Share Capital US\$'000	Capital Reserve US\$'000	Other Reserve US\$'000	Revaluation Reserve US\$'000	Foreign Currency Translation Reserve US\$'000	Accumulated Losses US\$'000				
59,970	2,525	18	30	805	(49,981)	13,367	(484)	12,883	
-	-	-	-	-	(1,757)	(1,757)	(19)	(1,776)	
-	-	-	-	127	-	127	15	142	
-	-	-	(35)	-	-	(35)	-	(35)	
-	-	-	(22)	-	-	(22)	-	(22)	
-	-	-	(57)	127	-	70	15	85	
-	-	-	(57)	127	(1,757)	(1,687)	(4)	(1,691)	
59,970	2,525	18	(27)	932	(51,738)	11,680	(488)	11,192	



Results For The Financial Period Ended 30 June 2016
Unaudited Financial Statements and Dividend Announcement

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial period - Cont'd

Group

At 1 January 2015

Loss for the period

Other comprehensive income

Foreign currency translation

Net gain on fair value changes of available-
for-sale financial assets

Other comprehensive income for the period, net of tax

Total comprehensive income for the period

Contributions by and distributions to equity holders

Issuance of placement shares

Shares issuance expenses

Total contributions by and distributions to equity holders

At 30 June 2015

Attributable to owners of the Company							Equity attributable to owners of parent, Total US\$'000	Non-controlling Interests US\$'000	Equity Total US\$'000
Share Capital US\$'000	Capital Reserve US\$'000	Other Reserve US\$'000	Revaluation Reserve US\$'000	Foreign Currency Translation Reserve US\$'000	Accumulated Losses US\$'000				
58,175	2,525	18	36	844	(39,134)	22,464	3,059	25,523	
-	-	-	-	-	(1,750)	(1,750)	(65)	(1,815)	
-	-	-	-	(1)	-	(1)	9	8	
-	-	-	5	-	-	5	-	5	
-	-	-	5	(1)	-	4	9	13	
-	-	-	5	(1)	(1,750)	(1,746)	(56)	(1,802)	
1,818	-	-	-	-	-	1,818	-	1,818	
(23)	-	-	-	-	-	(23)	-	(23)	
1,795	-	-	-	-	-	1,795	-	1,795	
59,970	2,525	18	41	843	(40,884)	22,513	3,003	25,516	



Results For The Financial Period Ended 30 June 2016
Unaudited Financial Statements and Dividend Announcement

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial period - Cont'd

Company

At 1 January 2016

Loss for the period

Other comprehensive income

Net loss on fair value changes of available-for-sale financial assets

Realisation of revaluation reserve on the disposal of available-for-sale financial assets

Other comprehensive income for the period, net of tax

Total comprehensive income for the period

At 30 June 2016

Share Capital US\$'000	Revaluation Reserve US\$'000	Accumulated Losses US\$'000	Equity Total US\$'000
59,970	30	(38,759)	21,241
-	-	(753)	(753)
-	(35)	-	(35)
-	(22)	-	(22)
-	(57)	-	(57)
-	(57)	(753)	(810)
59,970	(27)	(39,512)	20,431

Company

At 1 January 2015

Loss for the period

Other comprehensive income

Net gain on fair value changes of available-for-sale financial assets

Other comprehensive income for the period, net of tax

Total comprehensive income for the period

Contributions by and distributions to owners

Issuance of Placement Shares

Shares issuance expenses

Total contributions by and distributions to owners

At 30 June 2015

Share Capital US\$'000	Revaluation Reserve US\$'000	Accumulated Losses US\$'000	Equity Total US\$'000
58,175	36	(34,593)	23,618
-	-	(1,350)	(1,350)
-	5	-	5
-	5	-	5
-	5	(1,350)	(1,345)
1,818	-	-	1,818
(23)	-	-	(23)
1,795	-	-	1,795
59,970	41	(35,943)	24,068



- 1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at end of the current financial period reported on and as at end of the corresponding period of the immediately preceding financial period.

No ordinary shares were issued during the financial quarter.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediate preceding period.

	Group		Company	
	30/06/16	31/12/15	30/06/16	31/12/15
Total number of issued shares	347,944,511	347,944,511	347,944,511	347,944,511
Less: Treasury shares	-	-	-	-
Total number of issued shares excluding treasury shares	347,944,511	347,944,511	347,944,511	347,944,511

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard).

These figures have not been audited nor reviewed by the auditors.

3. Where figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Other than the adoption of the amended Financial Reporting Standards (FRS) that are effective from the current financial year reported on, the accounting policies and methods of computation applied by the Group in the financial statements for the financial period ended 30 June 2016, are consistent with those of the audited financial statements for the financial year ended 31 December 2015.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The adoption of the amended FRS is assessed to have no material impact to the financial position or financial performance of the Group.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial period, after deducting any provision for preference dividends.

	Group	
	30/06/16	30/06/15
	US\$	US\$
Loss per ordinary share for the period based on net loss attributable to owners after deducting any provision for preference dividends:-		
a) Based on weighted average number of ordinary shares in issue	(0.50) cents	(0.52) cents
Weighted average number of shares	347,944,511	334,439,293
b) On a fully diluted basis	(0.50) cents	(0.52) cents
Adjusted weighted average number of shares	347,944,511	334,439,293

7. Net assets value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-
(a) current financial period reported on; and
(b) immediately preceding financial period.

Net assets value per ordinary share based on issued share capital as at the end of the period reported on

Group		Company	
30/06/16	31/12/15	30/06/16	31/12/15
US\$	US\$	US\$	US\$
3.36 cents	3.84 cents	5.87 cents	6.10 cents

Net assets value for the Group and the Company per ordinary share was calculated based on 347,944,511 ordinary shares as at 30 June 2016 and 31 December 2015 respectively.



8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period**
- (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current**

INCOME STATEMENT REVIEW

2Q 2016

The increase in revenue and gross profit for the quarter ended 30 June 2016 was mainly due to increased sales in the Group's distribution business.

The gross profit margin has decreased from 18.9% to 10.9% due to changes in the sales mix.

General and administrative costs decreased by US\$182,000 from US\$778,000 in 2Q2015 to US\$596,000 in 2Q2016 mainly due to lower payroll related costs and stocks written back.

Research and development costs were incurred by EoCell Limited, the new subsidiary that was set up in mid-2015 as an investment vehicle to enter into the batteries and storage market.

1H 2016

The increase in revenue and gross profit for the period ended 30 June 2016 was mainly due to increased sales in the Group's distribution business.

The gross profit margin has decreased from 17.5% to 5.9% due to changes in the sales mix.

General and administrative costs decreased by US\$842,000 from US\$1,841,000 in 1H2015 to US\$999,000 in 1H2016 mainly due to lower payroll related costs, lower management fees charged by ASTI as well as some stocks written back during the period.

Research and development costs were incurred by EoCell Limited, the new subsidiary that was set up in mid-2015.

FINANCIAL POSITION STATEMENT REVIEW

Assets

Increase in intangible assets was due to research and development expenditure incurred during the period.

Increase in property, plant & equipment were mainly due equipment purchased for the research and development activities in EoCell and additional work done for Dragon Treasure Boat construction.

Long term prepayment relates to the cost incurred for the development project along the Yangtze Riverbank.

Trade debtors balance in 1H2016 was higher due to higher sales recorded during the period.

Liabilities

The increases in other creditors were due to additional advances received from a co-investor as capital injections into a subsidiary.

Equity

As at 30 June 2016, the Group has US\$7.6 million net current assets and US\$11.2 million shareholders' equity.

CASH FLOW STATEMENT REVIEW

The Group utilised US\$3.6 million for its operating activities, US\$1.4 million to purchase property, plant and equipment and US\$0.7 million was invested on research and development expenditures.

Advance of US\$0.5 million was received as capital injection from a co-investor of a subsidiary.

Cash and cash equivalents decreased US\$5.1 million from US\$10.4 million as at 31 December 2015 to US\$5.3 million as at 30 June 2016.



9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group has exercised initiatives to reduce the costs of its operations which had shown significant positive results from the reduction of the general and administrative costs in 1H2016.

The Group continues its developmental efforts on its battery and storage solutions through EoCell Limited.

The acquisition for the 19% interest in Heat Tech Japan Co., Ltd. is pending regulatory approval.

We are now working with the relevant Chinese authorities regarding the Yangtze Riverbank project to commence planning preparation. Due to the nature and extent of this project, the planning stage may require a substantial amount of time. We will continue to keep our shareholders updated of our progress.

The Group continues its search for viable investment projects.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

(c) Date Payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Name of Interested Person	Aggregate value of interested person transactions entered into during the financial year under review (excluding transactions below S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920(1)(a))	Aggregate value of interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (1)(a) (excluding transactions below S\$100,000)
	US\$'000	US\$'000
ASTI Holdings Limited	-	-



14. Use of proceeds arising from share placement

The Company completed the share placement exercise on 30 March 2015 and raised S\$2,500,000 (the "Share Placement").

As at 30 June 2016, the cash proceeds of \$2,500,000 had been fully utilised for general working capital.

15. Segmental revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Not applicable to quarterly announcement.

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segment.

Not applicable to quarterly announcement.

17. A breakdown of sales.

Not applicable to quarterly announcement.

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Not applicable to quarterly announcement.

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(11) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Not applicable to quarterly announcement.

20. Negative Confirmation by the Board pursuant to Rule 705(5)

To the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the financial statements for the second quarter ended 30 June 2016 to be false or misleading in any material aspect.

21. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

We hereby confirm that we have procured all the required undertakings to comply with the Exchange's listing rules from all the Directors and Executive Officers of the Company.

BY ORDER OF THE BOARD

Dato' Michael Loh
Chairman & CEO
12 August 2016